

## **Notice to Prospective Offerors**

December 10, 1999

### **Release of Amendment No. 0003 dated December 10, 1999 to Request For Proposals (RFP) No. TIRNO-99-R-00009.**

The purpose of this amendment is to reopen the RFP for the full and open competition portion only.

During the Question and Answer period prior to the proposal due date, questions were raised whether either a Software Capability Evaluation (SCE), a CMM-Based Appraisal for Internal Process Improvement (CBA-IP), or an Internal Revenue Service (IRS) Process Analysis Review Methodology (PARM) letter would be acceptable for CMM Level 2 certification. The Government responded on October 7, 1999, that only an external SCE would be acceptable. The timeframe between this answer and the proposal due date of October 28, 1999, was insufficient for all prospective Offerors to obtain a SCE. Therefore, the Government is reopening the full and open competition portion of the RFP in an effort to assure fair competition.

The small business set-aside portion of the RFP is not being reopened because the Pre-Award Software Capability Maturity Model Compliance Requirements are not mandatory for those proposals as stated in Section M.8.2 CMM Level 2 Compliance Determination.

This Amendment to the RFP is also clarifying certain aspects of the Pre-Award Software Capability Maturity Model Compliance Requirements to eliminate any possible confusion (see page 2 of the Standard Form 30, Amendment No. 0003 and the attached replacement pages to the RFP). Please be aware that the required SCE report and briefing must be dated no earlier than June 1, 1998 and now no later than February 15, 2000 (see Section J.9.2 as amended), and that the offeror's organizational unit whose tools and processes will be used in performing software development on task orders for the IRS is being validated (see Sections J.9.3 and L.11.4 as amended).

All Offerors who previously submitted proposals for the full and open competition portion of the RFP may revise their proposals by the new proposal due date of February 15, 2000. Please notify us when you acknowledge this Amendment No. 0003 whether your proposal is being revised. Anyone who has not previously submitted a proposal in response to either the full and open competition or the small business set-aside may submit a new proposal for the full and open competition portion only by the new proposal due date of February 15, 2000. (See the RFP's Section L.10 Proposal/Award Restrictions.)

Jeffrey P. Petrino  
Contracting Officer

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE OF PAGES 1 2
2. AMENDMENT/MODIFICATION NO. <b>0003</b>	3. EFFECTIVE DATE <b>12/10/99</b>	4. REQUISITION/PURCHASE REQ. NO. <b>0-9-10-U3-TC-A36</b>	5. PROJECT NO. (If applicable)
6. ISSUED BY  INTERNAL REVENUE SERVICE A/C (PROCUREMENT) A:P:I:C 6009 Oxon Hill Road, 7th Floor Oxon Hill, MD 20745	7. ADMINISTERED BY (If other than Item 6)  CODE		
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)		(T)	9A. AMENDMENT OF SOLICITATION NO.
		X	TIRNO-99-R-00009
			9B. DATED (SEE ITEM 11)  September 13, 1999
			10A. MODIFICATION OF CONTRACT/ORDER NO.
			10B. DATED (SEE ITEM 13)
CODE	FACILITY CODE		
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			

**X** The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers    \* is extended,    is not extended. \*(See SF 30, Page 2 of 2.)

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning **one** copy of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
D. OTHER (Specify type of modification and authority)
E. IMPORTANT: Contractor <u>  </u> is not, <u>  </u> is required to sign this document and return <u>  </u> copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See Page 2 of 2.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
15B. CONTRACTOR/OFFEROR	16B. UNITED STATES OF AMERICA
15C. DATE SIGNED	16C. DATE SIGNED
(Signature of person authorized to sign)	BY (Signature of Contracting Officer)

NSN 7540-01-152-8070

PREVIOUS EDITION UNUSABLE

STANDARD FORM 30 (REV. 10-83)  
Prescribed by GSA  
FAR (48 CFR) 53.243

Solicitation No. TIRNO-99-R-00009 dated September 13, 1999 is hereby amended as follows:

1. The Solicitation is reopened and the proposal due date (Block 9 on Standard Form 33) is now February 15, 2000, 4:00 p.m. (local time for the Issuing Office) for all Offerors submitting proposals under the Full and Open Competition of the RFP. There is no reopening of the Solicitation for the SBSA Competition.
2. The location for delivery of proposals is the same address in Oxon Hill, MD as stated in the original Solicitation.
3. Changed pages to the Solicitation as identified and described below are attached to this Amendment 0003. Each changed page includes a vertical line to indicate the changed text.
  - a. Section J.9, IRS Capability Maturity Model (CMM<sup>®</sup>) Requirements, on pages J9-1 through J9-3, has been revised as shown on the attached pages. Statements are added to J.9.1 and J.9.2 linking them to each other and also to J.9.3. The acceptable timeframe for the required Software Capability Evaluation (SCE) Report has been changed as stated in J.9.2. Also, the offeror's organizational unit to be covered by the SCE has been redefined in J.9.3. Finally some grammatical changes have been made throughout J.9.2 and J.9.3.
  - b. Section L.11.4, CMM<sup>®</sup> Compliance Requirements, on page L-8, has been revised as shown on the attached page. This is to conform to the new "organizational unit" definition in J.9.3.
  - c. Section M.8.2, CMM<sup>®</sup> Level 2 Compliance Determination, on pages M-4 and M-5, has been revised as shown on the attached pages. This is to correct the references to Section H and be more explicit in the references to Section J of the RFP.

**J.9 IRS CAPABILITY MATURITY MODEL (CMM®) REQUIREMENTS**

**J.9.1 PRE-AWARD CMM® VALIDATION**

The goal of the CMM® validation effort during this source selection is to validate that Contractors selected to perform IRS software development work are capable of practicing the Software Engineering Institute (SEI) Software Capability Maturity Model® (SW-CMM®) Level 2 process maturity.

The source selection practice as suggested by the SEI recommends that the procuring agency field a Software Capability Evaluation (SCE) team to determine prospective Contractors' SW-CMM® process maturity level. This is a very time-consuming, labor-intensive process and is not practical for multiple award acquisitions that are expected to consider many vendors. The objective of this approach, therefore, is to provide a means of validating Contractor process maturity within the time constraints of the acquisition.

Large Business Offerors and Small Business Offerors, who elect to compete under the full and open competition, shall provide evidence of process maturity in accordance with the IRS 1999 Process Appraisal Review Methodology (PARM) through the submission of Phase IV or existing SCE results. **Also see RFP Sections J.9.2, J.9.3, L.11.4, and M.8.2.**

**J.9.2 DATA SUBMISSION REQUIREMENTS**

Data submitted by Offerors may vary depending on whether the Offeror seeks award under the full and open competition or the partial small business set-aside competition.

Offerors proposing under the full and open competition shall submit data from at least one external SCE, but no more than three, that demonstrates compliance with SEI's SW-CMM® version 1.1. The submission material shall include the following information:

- ◆ Names, titles, organizational affiliation, address, phone number, and credentials of the external evaluation team
- ◆ Detailed final findings report and briefing **which must be dated no earlier than June 1, 1998 and no later than February 15, 2000;**
- ◆ Organizational chart showing affiliation of evaluated organization and proposing organization and number and type of staff associated with each component represented by the organizational chart

## SOLICITATION NUMBER TIRNO-99-R-00009

### PART III - LIST OF DOCUMENT, EXHIBITS, AND OTHER ATTACHMENTS

#### SECTION J - LIST OF ATTACHMENTS

- ◆ Project profiles for each project evaluated providing details on the attributes of the projects: project description, application domain, software size, life cycle, project schedule, current phase of the project, and staffing profile and
- ◆ On-site period dates of performance and interview schedule detailing names, roles, and organizational affiliations of individuals interviewed

Offerors proposing under the Partial Small Business Set-Aside (SBSA) have two (2) options:

- (1) SBSA Offerors may validate their SEI CMM® Level 2 status by providing the same CMM® information required for proposing under the full and open competition; or alternatively,
- (2) SBSA Offerors may choose to defer validation of their SEI CMM® Level 2 status until after contract award.

SBSA Offerors should carefully consider the advantages and disadvantages of their choice. A bidder that does not have current evaluation data to submit may defer the expense of an evaluation until after contract award. However, the IRS will not issue any software development tasks to any Contractor until the IRS CMM® Review Team has validated that the Contractor's process maturity is SW-CMM® Level 2 or better. If the Contractor chooses to defer process maturity validation, the amount of time after contract award that the Contractor is ineligible to receive software development tasks may be substantial. It is also noteworthy that:

- ◆ SEI data shows that organizations assessed at Level 2 or better is less than 30%, and
- ◆ Under the current TIPSS contracts, IRS software development work constitutes over half the tasking

#### **J.9.3 SW-CMM® LEVEL 2 VALIDATION**

Each Offeror's submission will be validated by members of the IRS CMM® Review Team (SEI certified in SCE methodology version 3.0 and experienced with the IRS Process Appraisal Review Methodology). The estimated completion time for each validation is no longer than 2 — 3 days per Offeror.

*Acceptance Criteria:* The SCE information submitted is validated against established criteria and must clearly indicate:

- the **organizational unit** is, at a minimum SW-CMM® Level 2;

**SECTION J - LIST OF ATTACHMENTS**

- that the SCE was performed for the organizational unit whose tools and processes will be used in performing software development on task orders for the IRS;
- that the SCE report and briefing conform to the timeframe stated in J.9.2;
- that the SCE was performed in accordance with SEI SCE methodology version 3.0, that is, the SCE:
  - examined at least 3 projects and
  - covered, in the aggregate, at least 20% of the technical workforce proposed for software development
- that the SCE used SEI framework: SW-CMM® v 1.1 or later;
- that it considered at least all key process areas in Level 2 (the software subcontract management key process area may be outscoped if the proposing organization does not propose to use subcontractors for any portion of the software effort)
- that all Level 2 key process areas were evaluated as “fully satisfied”
- and that the SCE was performed by qualified external evaluators; specifically:
  - all evaluation team members were SEI trained and certified in SCE methodology version 3.0 (or trained and certified by an authorized SEI transition partner)
  - at least one member of the evaluation team was certified by the SEI as a lead evaluator OR certified as a SCE version 3.0 evaluator with a minimum of three full life-cycle SCEs prior to any SCE performed for the proposing organization (certificate or SEI lead evaluator number required)

**J.9.4 POST-AWARD MONITORING**

Contractors developing software for the IRS shall maintain Level 2 or better in the SW-CMM® in order to continue to receive software tasking. The CMM® Review Team will monitor Contractor process maturity by:

- Using standard IRS Process Appraisal Review Methodology (PARM) processes, including execution of SCEs as needed,
- Performing annual cycles of review for SW-CMM®, and
- Considering all types of appraisal data and process improvement infrastructure data as standardized by the PARM process.

**SOLICITATION NUMBER TIRNO-99-R-00009**  
**PART IV - REPRESENTATIONS AND INSTRUCTIONS**  
**SECTION L - INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFERORS**

**L.11.4 CMM® COMPLIANCE REQUIREMENTS**

Large Business Offerors and Small Business Offerors, who elect to compete under the full and open competition, must submit Proposals in the Information Systems Services Principle Task Area. **The Offeror shall validate its organizational unit whose tools and processes will be used in performing software development on Task Orders for the IRS,** as CMM® Level 2 compliant, and provide documentation supporting their CMM® - Level with their Proposal. (Refer to Section J.9, Internal Revenue Service Capability Maturity Model Requirements and Instructions.) Offerors shall identify specific Subcontractor(s) that will be integral to the performance of software development work. If the Subcontractor will be using the prime Offeror's tools and processes, the prime Offeror shall have an independently conducted Software Capability Evaluation (SCE) resulting in a level 2 or higher rating which reflects the subcontract management Key Process Area. If the Subcontractor will be using their own tools and processes, the Subcontractor organization shall have an independently performed SCE that is validated by the prime Offeror as level 2 or higher. Note: Only Contractors who are CMM® Level 2 compliant will be considered for IRS software development work in the Principle Task Areas that they received awards. This CMM® Level 2 compliance is not required to be awarded Task Orders for Treasury bureaus other than the IRS (reference Section C.4.12, Compliance to Capability Maturity Model (CMM®) Standards.

**L.11.5 SUBCONTRACTING PLAN**

The Subcontracting Plan is to be completed by Large Business Offerors only and is to be provided to the Government in Volume I. Refer to Section J, Department of the Treasury, Small, HUBZone Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan Outline.

**L.11.6 LIMITATIONS ON SUBCONTRACTING STATEMENT**

Small Businesses are to provide a statement in accordance with Section I, FAR 52.219-14 and is to be provided to the Government in Volume I.

**L.11.7 SMALL BUSINESS UTILIZATION PARTICIPATION**

This solicitation contains two relevant sample forms: one entitled "Identification List of Small Disadvantaged Business Firms in targeted SIC Codes Projected to be used on this contract", and one entitled "Summary Sheet for Cumulative Target SIC SDB Data by Category." All Large Businesses must complete these forms. Any Small or Small Disadvantaged Business that proposes as a Prime under the Full and Open competition must complete these forms. Completion of these forms does not apply to any Offeror submitting a proposal under the Partial Small Business Set-Aside.

**SOLICITATION NUMBER TIRNO-99-R-00009**  
**PART IV - REPRESENTATIONS AND INSTRUCTIONS**  
**SECTION M - EVALUATION FACTORS FOR AWARD**

6. Plant Safety
7. Labor Resource
8. Performance Record
9. Ability to meet required schedule
10. Ability to provide the required support
11. Security Clearance

**M.7 EXCHANGES WITH OFFERORS**

The Government may engage in exchanges with Offerors in accordance with FAR 15.306. Discussions with Offerors will be based on the Government's integrated assessment and analysis of the Offeror's proposal and conducted for the purpose of maximizing the Government's ability to obtain best value, based on the requirement and evaluation factors set forth in the solicitation.

Offerors will be given the opportunity to address adverse past performance information identified in the Dun and Bradstreet Reports and any supplemental past performance data collected (if applicable) in accordance with FAR Subpart 15.306.

**M.8 EVALUATION OF PROPOSALS**

**M.8.1 PROPOSAL PREPARATION COMPLIANCE DETERMINATION**

The Government will review proposals submitted to determine compliance with the proposal preparation instructions, compliance with the terms and conditions of the proposed contract, and other administrative conditions with which the Offeror shall comply to receive further consideration.

**M.8.2 CMM<sup>®</sup> LEVEL 2 COMPLIANCE DETERMINATION**

Evaluation of the **Pre-Award** CMM<sup>®</sup> Level 2 compliance requirement will be on a pass/fail basis. Refer to Section J.9, IRS Capability Maturity Model (CMM<sup>®</sup>) Requirements, for validation requirements for CMM<sup>®</sup> Level 2 compliance.

All Offerors competing under the Full and Open competition, must meet the **Pre-Award** CMM<sup>®</sup> Level 2 requirement to be considered for further evaluation. Offerors competing under the F&O competition not meeting the **Pre-Award** CMM<sup>®</sup> requirement **through the Data Submission Requirements in Section J.9.2 and the Acceptance Criteria in J.9.3 SW-CMM Level 2 Validation** will be eliminated from the competition and notified in writing promptly by the Government.



**SOLICITATION NUMBER TIRNO-99-R-00009**  
**PART IV - REPRESENTATIONS AND INSTRUCTIONS**  
**SECTION M - EVALUATION FACTORS FOR AWARD**

Offerors competing under the Partial Small Business Set-Aside may be awarded a contract without meeting the CMM<sup>®</sup> Level 2 requirement. However, only awardees satisfying the CMM<sup>®</sup> Level 2 requirement, will be allowed to compete for IRS software development life cycle task orders in the Principle Task Areas that they received awards. [Note: This CMM<sup>®</sup> Level 2 compliance is not required to be awarded task orders for the Department of the Treasury and their Bureaus other than the IRS .

**M.8.3 COST PROPOSAL**

Cost will be evaluated, but will not be assigned a numerical score or weight. The Government will review the overall costs of each Offeror's proposal to determine if costs are realistic for the work to be performed, reflect a clear understanding of the requirements, and are consistent with the Offeror's Management and Technical proposals. In evaluating cost proposals (Volume III), the Government may adjust the rates proposed by the Offeror, based on a cost realism evaluation. A risk assessment of unrealistic rates will be considered in making the source selection decision.

The following forms the basis of the cost evaluation:

- (1) Reasonableness, realism and appropriateness of the labor rates for the labor categories of the contract. Completeness of documentation supporting the proposed rates and the methodology of rate escalation.
- (2) Reasonableness and realism of the proposed annual escalation factor for labor costs.
- (3) Reasonableness and realism of all proposed indirect rates. Clarity and completeness of supporting documentation.
- (4) Reasonableness and realism of subcontract proposals. Completeness of subcontract packages.